

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Division regarding a medical fee dispute between the requestor and the respondent named above. This dispute was received on 11-13-03.

I. DISPUTE

Whether there should be reimbursement for inpatient hospitalization on 5-5-03 and 5-6-03.

II. FINDINGS

- a. The requestor billed \$40,122.00 for the inpatient admission.
- b. The respondent reimbursed the requestor \$0.00 for inpatient admission.
- c. The total amount in dispute is \$40,122.00.
- d. The respondent denied reimbursement based upon "V- Unnecessary Treatment (with Peer Review)."
- e. The insurance carrier's representative, Zurich, gave preauthorization approval on 4-17-03 for a 2-night inpatient stay. Therefore, the insurance carrier violated Rule 133.301(a) by retrospectively denying preauthorized treatment based upon medically unnecessary. The inpatient hospitalization will be reviewed in accordance with the Commission's *Acute Care Inpatient Hospital Fee Guideline*.
- f. On February 26, 2004, the Medical Review Division submitted a Notice to requestor to submit additional documentation necessary to support the charges and to challenge the reasons the respondent had denied reimbursement within 14 days of the requestor's receipt of the Notice.

III. RELEVANT STATUTE

- a. Rule 134.401(b)(1)(B), "Inpatient services – Health care, as defined by the Texas Labor Code § 401.011(19), provided by an acute care hospital and rendered to a person who is admitted to an acute care hospital and whose length of stay exceeds 23 hours in any unit of the acute care hospital."
- b. Rule 134.401(b)(1)(F), "Stop-Loss Payment – An independent method of payment for an unusually costly or lengthy stay."

- c. Rule 134.401(b)(1)(G), “Stop-Loss Reimbursement Factor (SLRF) – A factor established by the Commission to be used as a multiplier to establish a reimbursement amount when total hospital charges have exceeded specific stop-loss thresholds.”
- d. Rule 134.401(b)(1)(H), “Stop-Loss Threshold (SLT) – Thresholds of total charges established by the Commission, beyond which reimbursement is calculated by multiplying the applicable Stop-Loss Reimbursement Factor by the total charges identifying that particular threshold.”
- e. Rule 134.401(c)(6), “Stop-Loss Method. Stop-loss is an independent reimbursement methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker. This methodology shall be used in place of and not in addition to the per diem based reimbursement system. The diagnosis codes specified in (c)(5) are exempt from the stop-loss methodology and the entire admission shall be reimbursed at a fair and reasonable rate.”
- f. Rule 134.401(c)(5), “Reimbursement for Certain ICD-9 Codes. When the following ICD-9 diagnosis codes are listed as the primary diagnosis, reimbursement for the entire admission shall be at a fair and reasonable rate:

Trauma (ICD-9 codes 800.0 – 959.50);
Burns (ICD-9 codes 940 – 949.9); and
Human Immunodeficiency Virus (HIV) (ICD-9 codes 042 – 044.9).”
- g. Rule 134.401(c)(6)(A)(i), “To be eligible for stop-loss payment for the total audited charges for a hospital admission must exceed \$40,000, the minimum stop-loss threshold.”
- h. Rule 134.401(c)(6)(A)(iii), “If audited charges exceed the stop-loss threshold, reimbursement for the entire admission shall be paid using a Stop-Loss Reimbursement Factor (SLRF) of 75%.
- i. Rule 134.401(c)(6)(A)(v), “Audited charges are those charges which remain after a bill review by the insurance carrier has been performed. Those charges which may be deducted are personal items (e.g., telephone, television). If an on-site audit is performed, charges for services which are not documented as rendered during the admission may be deducted. Items and services which are not related to the compensable injury may be deducted. The formula to obtain audited charges is as follows: Total Charges – Deducted Charges = Audited Charges.
- j. Rule 134.401(c)(6)(B), “Formula. Audited Charges X SLRF – WCRA.”

IV. RATIONALE

- a. Based upon the EOB the total charges were \$40,122.00 for inpatient hospitalization. Per Rule 134.401(c)(6)(A)(i), to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000. Amount in dispute, \$40,122.00 exceeds \$40,000; therefore, the stop-loss methodology applies to this admission.
- b. The principal diagnosis noted on the UB-92 was 722.10. Per Rule 134.401(c)(6), diagnosis code 724.4 is not a diagnosis identified in section (c)(5). Therefore, the inpatient hospitalization is not exempt from the Stop-loss methodology.
- c. The insurance carrier did not perform an audit per Rule 134.401(c)(6)(A)(v) or 133.301.
- d. Per Rule 134.401(c)(6)(B), the Stop-Loss Formula results in an appropriate reimbursement of $\$40,122.00 \times 75\% = \$30,091.50$.
- e. The requestor is entitled to reimbursement of \$30,091.50.

V. DECISION & ORDER

Based upon the review of the disputed healthcare services within this request, the Division has determined that the requestor **is** entitled to reimbursement for inpatient hospitalization in the amount of **\$ 30,091.50**. Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Division hereby ORDERS the Respondent to remit **\$30,091.50** plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this Order.

The above Findings, Decision and Order are hereby issued this 25th day of March 2004.

Elizabeth Pickle
Medical Dispute Resolution Officer
Medical Review Division

R.L. Shipe, Director
Medical Review Division